



PRESS-REGISTER

Bronner: RSA funds will take a hit

Friday, October 03, 2008

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MONTGOMERY - The value of Retirement Systems of Alabama pension funds will likely fall 8 percent to 12 percent after a year of turmoil on Wall Street, said David Bronner, chief executive of RSA.

Still, Bronner said the RSA pension funds are built to weather tough economic times, and while the stock market is bad now, he's seen worse.

"I was around in October of '87 ... that was 20 percent of the whole stock market" disappearing in one day, Bronner said. He compared that to Monday's 777-point drop, which amounted to just under 7 percent. "You have to put things in perspective."

RSA pension funds total about \$32 billion, according to Bronner. Of that, roughly 60 percent is invested in U.S. and international stocks.

Bronner said it will likely be about a month until there are final numbers to show how RSA did in the fiscal year that ended Sept. 30, as compared with the rest of the country.

"Everybody will look at this year as a bad year," Bronner said. "Unless you're in cash ... you're going to lose money."

RSA still has a few reasons to be optimistic, he added.

"We tend to outperform the rest of the country when things go bad, because we're really conservative," Bronner said.

For the fiscal year that just ended, Bronner said he figures RSA will be near the national average loss. But those losses will likely be smaller than the more than 17 percent gains RSA made in the previous fiscal year, he added.

"We had a great year last year," Bronner said. "It's highly unlikely that we'll lose that much this year."

Hank Kim, executive director of the Washington, D.C.-based National Conference on Public Employee Retirement Systems, said it was too early to estimate what sort of average losses pension funds around the country would see.

Kim noted that while pension funds would be down, they would still likely fare better than the Dow Jones industrial average and the investments of individuals in the stock market.

"Because of the pooling of assets and because of the size of assets, pensions can certainly invest in alternative investments that private individuals cannot," Kim said.

Large pension funds, such as RSA, also benefit from experts on staff and in Wall Street firms who can help guide them through turbulent economic times, Kim said.

For every point the Dow loses or gains, RSA's pension funds move by about \$1.5 million. Asked if watching such big market swings made him nervous, Bronner laughed and pointed out that six months after the October 1987 stock market crash, the market had rebounded and was heading higher.

"It will eventually go back," he said, "almost like a yo-yo."

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